

Unaudited Financial Statements for the Third Quarter and Period Ended 31 July 2016

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	Q3 FY2016 (S\$'000)	Q3 FY2015 (S\$'000)	% Change	YTD FY2016 (S\$'000)	YTD FY2015 (S\$'000)	% Change
Revenue	13,890	15,943	(12.9%)	42,680	46,524	(8.3%)
Cost of Sales	(11,040)	(12,419)	(11.1%)	(34,437)	(36,352)	(5.3%)
Gross Profit	2,850	3,524	(19.1%)	8,243	10,172	(19.0%)
<u>Other Items of Income</u>						
Finance Income	14	15	(6.7%)	33	48	(31.3%)
Other Gains	135	326	(58.6%)	262	559	(53.1%)
<u>Other Items of Expenses</u>						
Marketing and Distribution Expenses	(709)	(808)	(12.3%)	(2,257)	(2,535)	(11.0%)
Administrative Expenses	(1,809)	(1,914)	(5.5%)	(5,697)	(5,589)	1.9%
Finance Costs	(288)	(303)	(5.0%)	(879)	(888)	(1.0%)
Other Losses	81	86	(5.8%)	(454)	(190)	138.9%
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	(186)	(273)	(31.9%)	(894)	(573)	56.0%
Profit/(Loss) Before Income Tax	88	653	(86.5%)	(1,643)	1,004	n/m
Income Tax (Expense)/Income	(102)	(170)	(40.0%)	57	(556)	n/m
(Loss)/Profit for the Period	(14)	483	n/m	(1,586)	448	n/m
<u>Other Comprehensive (Loss)/Income</u>						
Exchange Differences on Translating Foreign Operations, Net of Tax	(993)	(879)	13.0%	(159)	(2,465)	(93.5%)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(7)	67	n/m	97	58	67.2%
Total Other Comprehensive Loss for the Period	(1,000)	(812)	23.2%	(62)	(2,407)	(97.4%)
Total Comprehensive Loss for the Period	(1,014)	(329)	208.2%	(1,648)	(1,959)	(15.9%)

	Group					
	Q3 FY2016 (S\$'000)	Q3 FY2015 (S\$'000)	% Change	YTD FY2016 (S\$'000)	YTD FY2015 (S\$'000)	% Change
(Loss)/Profit for the Period Attributable to:						
Owners of the Company	(13)	410	n/m	(1,658)	244	n/m
Non-Controlling Interests	(1)	73	n/m	72	204	(64.7%)
(Loss)/Profit for the Period	(14)	483	n/m	(1,586)	448	n/m
Total Comprehensive (Loss)/Income for the Period Attributable to:						
Owners of the Company	(1,119)	(215)	420.5%	(1,916)	(1,719)	11.5%
Non-Controlling Interests	105	(114)	n/m	268	(240)	n/m
Total Comprehensive Loss for the Period	(1,014)	(329)	208.2%	(1,648)	(1,959)	(15.9%)

"n/m" denotes not meaningful.

1(a) (ii) Notes to Consolidated Statement of Comprehensive (Loss)/Income

(Loss)/Profit for the period is after crediting/(charging):

	Group			
	Q3 FY2016 (S\$'000)	Q3 FY2015 (S\$'000)	YTD FY2016 (S\$'000)	YTD FY2015 (S\$'000)
Finance Lease Income	330	341	1,000	1,032
Finance Income – Interest Income	14	15	33	48
Finance Costs	(288)	(303)	(879)	(888)
Depreciation of Property, Plant and Equipment	(665)	(770)	(2,137)	(2,008)
Impairment Loss on Assets Held for Sale	-	(35)	-	(7,406)
Extinguishment of Liabilities	-	-	-	7,217
Impairment Loss on Assets Held for Sale, Net	-	(35)	-	(189)
Amortisation of Intangible Assets	(22)	(23)	(65)	(71)
Amortisation of Land Use Rights	(6)	(6)	(18)	(19)
(Loss)/Gain on Disposal of Property, Plant and Equipment	(11)	(1)	(12)	34
Net Fair Value (Loss)/Gain on Derivative Financial Instruments	(49)	41	(46)	26
Foreign Exchange Gain/(Loss), Net	156	405	(382)	298
Government Grant Income	43	-	143	88
Adjustments for Over Provision for Taxation in Respect of Prior Years	8	42	7	92
Provision for Retirement Benefit Obligations Expenses, Net	(12)	(11)	(34)	(50)
Amortisation of Deferred Income	1	4	6	14
Allowance for Doubtful Receivables – Reversal/(Made)	8	(1)	28	36
Allowance for Inventory Obsolescence – Reversal/(Made)	1	(13)	(17)	(34)
Bad Debts Recovered	85	-	85	-

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	31 July 2016 (S\$'000)	31 October 2015 (S\$'000)	31 July 2016 (S\$'000)	31 October 2015 (S\$'000)
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	22,830	23,792	227	302
Intangible Assets	1,332	1,365	-	-
Land Use Rights	995	1,103	-	-
Investments in Subsidiaries	-	-	43,418	43,731
Investments in Associates	3,917	4,527	-	-
Investment in Jointly-Controlled Entity	2,597	3,558	-	-
Other Financial Assets	1,057	1,057	-	-
Finance Lease Receivable	11,472	11,920	-	-
Other Receivable	635	635	-	-
Deferred Tax Assets	366	158	-	-
Total Non-Current Assets	45,201	48,115	43,645	44,033
Current Assets				
Inventories	8,610	8,253	-	-
Income Tax Receivables	448	372	-	-
Trade and Other Receivables	16,520	17,817	5,350	5,341
Finance Lease Receivable	704	652	-	-
Derivative Financial Instruments	7	44	-	-
Other Assets	914	620	119	86
Cash and Cash Equivalents	6,302	7,732	887	1,362
	33,505	35,490	6,356	6,789
Assets Classified as Held for Sale	4,828	5,078	-	-
Total Current Assets	38,333	40,568	6,356	6,789
Total Assets	83,534	88,683	50,001	50,822
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,035	48,035	48,035	48,035
Accumulated Losses	(1,758)	(61)	(5,750)	(5,744)
Foreign Currency Translation Reserve	(5,483)	(5,083)	-	-
Other Reserves	2,145	1,964	-	-
Equity Attributable to Owners of the Company	42,939	44,855	42,285	42,291
Non-Controlling Interests	2,753	2,732	-	-
Total Equity	45,692	47,587	42,285	42,291
LIABILITIES				
Non-Current Liabilities				
Provision for Retirement Benefit Obligations	660	632	-	-
Loans and Borrowings	9,844	10,993	841	23
Deferred Tax Liabilities	2,213	2,226	-	-
Provision for reinstatement cost	350	350	-	-
Deferred Income	22	26	-	-
Total Non-Current Liabilities	13,089	14,227	841	23

	Group		Company	
	31 July 2016 (S\$'000)	31 October 2015 (S\$'000)	31 July 2016 (S\$'000)	31 October 2015 (S\$'000)
Current Liabilities				
Income Tax Payable	206	520	10	27
Trade and Other Payables	9,084	9,384	5,259	5,449
Other Liabilities	765	766	-	-
Derivative Financial Instruments	38	124	-	-
Loans and Borrowings	12,664	14,034	1,606	3,032
Deferred Income	7	8	-	-
	22,764	24,836	6,875	8,508
Liabilities Directly Associated with Assets Held for Sale	1,989	2,033	-	-
Total Current Liabilities	24,753	26,869	6,875	8,508
Total Liabilities	37,842	41,096	7,716	8,531
Total Equity and Liabilities	83,534	88,683	50,001	50,822

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	Group			
	As at 31 July 2016		As at 31 October 2015	
	Secured	Unsecured	Secured	Unsecured
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Amount repayable in one year or less, or on demand	7,570	5,094	10,029	4,005
Amount repayable after one year	9,011	833	10,993	-

Details of any collateral

As at 31 July 2016, secured loans and borrowings comprised:

- Finance lease liabilities of S\$2,578,000 (31 October 2015: S\$3,009,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S\$7,142,000 (31 October 2015: S\$9,395,000) were secured by property, plant and equipment and assets of certain subsidiaries in Malaysia.
- Loans and borrowings of S\$220,000 (31 October 2015: S\$293,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S\$6,641,000 (31 October 2015: S\$7,866,000) were secured by an assignment of a supply agreement with a customer and a fixed and floating charge over present and future undertakings, property assets, revenue and rights in relation to the biomass co-generation power plant at Gardens by the Bay (Marina South). The Group's investment in the biomass co-generation power plant is classified as finance lease receivables.
- Loans and borrowings of Nil (31 October 2015: S\$459,000) were secured by an assignment of contracts and contracts proceeds and a floating charge over certain cash balances of a subsidiary placed with a bank.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			
	Q3 FY2016 (S\$'000)	Q3 FY2015 (S\$'000)	YTD FY2016 (S\$'000)	YTD FY2015 (S\$'000)
<u>Cash Flows From Operating Activities</u>				
(Loss)/Profit Before Income Tax	88	653	(1,643)	1,004
Depreciation of Property, Plant and Equipment	665	770	2,137	2,008
Loss/(Gain) on Disposal of Property, Plant and Equipment	11	1	12	(34)
Amortisation of Intangible Assets	22	23	65	71
Amortisation of Land Use Rights	6	6	18	19
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	186	273	894	573
Impairment Loss on Assets Held for Sale	-	35	-	7,406
Extinguishment of Liabilities	-	-	-	(7,217)
	-	35	-	189
Net Fair Value Loss/(Gain) on Derivative Financial Instruments	49	(41)	46	(26)
Provision for Retirement Benefit Obligations Expenses, Net	12	11	34	50
Amortisation of Deferred Income	(1)	(4)	(6)	(14)
Finance Lease Income	(330)	(341)	(1,000)	(1,032)
Finance Income	(14)	(15)	(33)	(48)
Finance Costs	288	303	879	888
Operating Cash Flows Before Changes in Working Capital	982	1,674	1,403	3,648
Inventories	(784)	(891)	(190)	(952)
Trade and Other Receivables	515	(1,619)	1,462	(947)
Finance Lease Receivable	95	143	396	418
Other Assets	134	36	(292)	42
Trade and Other Payables	127	(179)	38	(2,773)
Other Liabilities	3	-	(1)	(1)
Finance Lease Income Received	330	341	1,000	1,032
Retirement Benefit Obligations Paid	(19)	-	(44)	(25)
Net Cash Flows From/(Used In) Operations Before Income Tax	1,383	(495)	3,772	442
Income Tax Paid	(265)	(77)	(563)	(493)
Net Cash Flows From/(Used In) Operating Activities	1,118	(572)	3,209	(51)
<u>Cash Flows From Investing Activities</u>				
Acquisition of Property, Plant and Equipment	(169)	(660)	(771)	(2,280)
Proceeds from Disposal of Property, Plant and Equipment	-	1	-	56
Repayment from /(Loan to) a Jointly-Controlled Entity	65	(221)	(7)	(221)
Interest Income Received	14	15	33	48
Net Cash Flows Used In Investing Activities	(90)	(865)	(745)	(2,397)

	Group			
	Q3 FY2016 (S\$'000)	Q3 FY2015 (S\$'000)	YTD FY2016 (S\$'000)	YTD FY2015 (S\$'000)
<u>Cash Flows From Financing Activities</u>				
Proceeds from Loans and Borrowings	-	571	-	1,482
Repayments of Loans and Borrowings	(1,374)	(681)	(3,559)	(2,694)
Interest Expenses Paid	(284)	(289)	(864)	(837)
Dividends Paid to Non-Controlling Interests of Subsidiaries	(247)	(15)	(247)	(165)
Increase in Cash Restricted in Use Over 3 Months ^(a)	(529)	(48)	(517)	(97)
Net Cash Flows Used In Financing Activities	(2,434)	(462)	(5,187)	(2,311)
Net Decrease in Cash and Cash Equivalents	(1,406)	(1,899)	(2,723)	(4,759)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(74)	(242)	46	(88)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	4,643	7,590	5,840	10,296
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	3,163	5,449	3,163	5,449
Cash and Cash Equivalents in the Statement of Cash Flows				
Cash and Cash Equivalents ^(b)	6,302	7,579	6,302	7,579
Cash Restricted in Use	(1,147)	(663)	(1,147)	(663)
Bank Overdrafts	(1,992)	(1,467)	(1,992)	(1,467)
Cash and Cash Equivalents At End of Period	3,163	5,449	3,163	5,449

(a) Comprised bank balances set aside for payments to specific creditors.

(b) Included in cash and cash equivalents were fixed deposits of S\$2,040,000 (31 July 2015: S\$1,675,000).

Non-Cash Transactions

Property, plant and equipment amounting to S\$44,000 (YTD FY2015: S\$115,000) were acquired through finance leases.

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital (S\$'000)	Accumulated Losses (S\$'000)	Foreign Currency Translation Reserve (S\$'000)	Other Reserves (S\$'000)	Parent Sub – Total (S\$'000)	Non- Controlling Interests (S\$'000)	Total Equity (S\$'000)
<u>Group</u>							
<u>Current Period</u>							
At 1 November 2015	48,035	(61)	(5,083)	1,964	44,855	2,732	47,587
Total Comprehensive (Loss)/Income for the Period	-	(1,658)	-	-	(1,658)	72	(1,586)
Other Comprehensive (Loss)/Income							
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	(400)	45	(355)	196	(159)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	97	97	-	97
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	-	-	-	-	(247)	(247)
Bonus Shares Issued by Subsidiary	-	(39)	-	39	-	-	-
	-	(39)	(400)	181	(258)	(51)	(309)
At 31 July 2016	48,035	(1,758)	(5,483)	2,145	42,939	2,753	45,692
<u>Previous Period</u>							
At 1 November 2014	46,191	(657)	(1,560)	2,629	46,603	3,446	50,049
Total Comprehensive Income for the Period	-	244	-	-	244	204	448
Other Comprehensive (Loss)/Income							
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	(1,823)	(198)	(2,021)	(444)	(2,465)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	58	58	-	58
Acquisition of Interest in Subsidiary from Non-Controlling Interest With No Change In Control	-	(18)	-	-	(18)	18	-
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	-	-	-	-	(164)	(164)
Issue of Ordinary Shares	1,000	-	-	-	1,000	-	1,000
Issue of Ordinary Shares under ecoWise Performance Share Plan	144	-	-	(144)	-	-	-
	1,144	(18)	(1,823)	(284)	(981)	(590)	(1,571)
At 31 July 2015	47,335	(431)	(3,383)	2,345	45,866	3,060	48,926

	Share Capital (S\$'000)	Accumulated Losses (S\$'000)	Other Reserves (S\$'000)	Total Equity (S\$'000)
<u>Company</u>				
<u>Current Period</u>				
At 1 November 2015	48,035	(5,744)	-	42,291
Total Comprehensive Loss for the Period	-	(6)	-	(6)
At 31 July 2016	48,035	(5,750)	-	42,285
<u>Previous Period</u>				
At 1 November 2014	46,191	(4,172)	144	42,163
Total Comprehensive Loss for the Period	-	(295)	-	(295)
Equity-Settled Share-Based Expenses	-	-	(144)	(144)
Issue of Ordinary Shares	1,000	-	-	1,000
Issue of Ordinary Shares under ecoWise Performance Share Plan	144	-	-	144
	1,144	-	(144)	1,000
At 31 July 2015	47,335	(4,467)	-	42,868

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Ordinary Shares	Paid-up Capital (S\$'000)
At 1 November 2015 and 31 July 2016	952,983,029	48,035

On 21 January 2016, pursuant to the ecoWise Performance Share Plan, the Company granted share awards of 4,500,000 shares in the share capital of the Company to an eligible participant. Please refer to the Company's announcement dated 21 January 2016 for more information.

As at 31 July 2016, the number of outstanding share awards under the ecoWise Performance Share Plan was 4,500,000 shares (31 July 2015: Nil).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares, excluding treasury shares, was 952,983,029 ordinary shares as at 31 July 2016 (31 October 2015: 952,983,029 ordinary shares).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no treasury shares held by the Company as at 31 July 2016.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These financial statements have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except for the adoption of the new and revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are effective for the period beginning on 1 November 2015 (see item 5), the Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as compared with the audited financial statements for the year ended 31 October 2015.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of new and revised FRS and INT FRS that are effective for the period beginning on 1 November 2015 does not have any significant effect on the financial performance or position of the Group and Company.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

(Losses)/earnings per ordinary share for the period based on profit for the period attributable to owners of the Company:

	Group			
	Q3 FY2016 (cents)	Q3 FY2015 (cents)	YTD FY2016 (cents)	YTD FY2015 (cents)
(i) Based on weighted average number of ordinary shares in issue	(0.001)	0.044	(0.174)	0.026
(ii) On a fully diluted basis	(0.001)	0.044	(0.173)	0.026

Earnings per share for the quarter ended 31 July 2016

Basic earnings per share for Q3 FY2016 is calculated based on the loss attributable to owners of the Company of S\$13,000 (Q3 FY2015: profit attributable to owners of the Company of S\$410,000) and on 952,983,029 (Q3 FY2015: 942,983,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for Q3 FY2016 is calculated based on 957,483,029 (Q3 FY2015: 942,983,029) weighted average number of ordinary shares in issue and shares that are contingently issuable during the period.

Earnings per share for nine month ended 31 July 2016

Basic earnings per share for YTD FY2016 is calculated based on the loss attributable to owners of the Company of S\$1,658,000 (YTD FY2015: profit attributable to owners of the Company of S\$244,000) and on 952,983,029 (YTD FY2015: 940,406,368) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for YTD FY2016 is calculated based on 957,483,029 (YTD FY2015: 939,096,683) weighted average number of ordinary shares in issue during the period.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
- (a) current financial period reported on; and
 - (b) immediately preceding financial year.

	Group		Company	
	31 July 2016 (cents)	31 October 2015 (cents)	31 July 2016 (cents)	31 October 2015 (cents)
Net asset value per ordinary share at end of period/year	4.51	4.71	4.44	4.44

The Group's net asset value per ordinary share was calculated based on net assets attributable to owners of the Company of S\$42,939,000 (31 October 2015: S\$44,855,000) and 952,983,029 (31 October 2015: 952,983,029) ordinary shares.

The Company's net asset value per ordinary share was calculated based on net assets of S\$42,285,000 (31 October 2015: S\$42,291,000) and 952,983,029 (31 October 2015: 952,983,029) ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

	Group					
	Q3 FY2016 (S\$'000)	Q3 FY2015 (S\$'000)	% Change	YTD FY2016 (S\$'000)	YTD FY2015 (S\$'000)	% Change
Revenue						
Renewable Energy Segment	2,559	2,772	(7.7%)	7,266	8,048	(9.7%)
Resource Recovery Segment	11,133	12,751	(12.7%)	34,725	37,477	(7.3%)
Integrated Environmental Management Solutions Segment	198	420	(52.9%)	689	999	(31.0%)
Total	13,890	15,943	(12.9%)	42,680	46,524	(8.3%)

The Group's revenue for the third quarter ended 31 July 2016 ("Q3 FY2016") of S\$13.89 million was S\$2.05 million or 12.9% lower as compared to the corresponding period of last financial year ("Q3 FY2015"). The Group's revenue for the nine months ended 31 July 2016 ("YTD FY2016") of S\$42.68 million was S\$3.84 million or 8.3% lower as compared to the corresponding period of last financial year ("YTD FY2015").

Q3 FY2016 revenue decreased by 12.9% mainly due to lower revenue recorded by the Group's resources recovery segment and the foreign exchange translation effect. The sales recorded by the Group's rubber compounds and retreaded tyres businesses under Sunrich Integrated Sdn. Bhd. and its subsidiaries ("SRIT Group") had decreased due to lower sales volume in Q3 FY2016 as compared to Q3 FY2015. The weakening of Malaysian Ringgit also contributed to negative forex translation impact to the revenue in Q3 FY2016 as compared to Q3 FY2015.

YTD FY2016 revenue decreased by 8.3% mainly due to lower revenue recorded by the Group's renewable energy segment and resource recovery segment. There was a decrease in sales from the Group's renewable energy segment attributable to unscheduled maintenance performed in February 2016 for the biomass co-generation power plant at Gardens by the Bay and there was a decrease in tipping fees for the collection of tree or wood waste from Q2 FY2016. There was also decrease in the Group's resource recovery segment attributable to lower sales recorded by the Group's retreaded tyres business under SRIT Group and the foreign exchange translation effect caused by the weaker Malaysian Ringgit in YTD FY2016 as compared to YTD FY2015. This was however, partially offset with higher sales recorded by the Group's rubber compounds and new tyres businesses under SRIT Group.

The Group's gross profit margin of 20.5% for Q3 FY2016 was lower compared to 22.1% in Q3 FY2015. This was mainly due to lower sales volume resulting in overall higher production cost per unit, slightly offset by lower depreciation expenses (due to some assets in a subsidiary being fully depreciated at the end of Q3 FY2016).

The Group's gross profit margin of 19.3% in YTD FY2016 was lower compared to 21.9% in YTD FY2015. This was mainly due to lower sales volume resulting in overall higher production cost per unit and higher depreciation expenses (due to the new advance rubber compound mixing plant and building which was commissioned at the end of Q2 FY2015).

The Group's gross profit of S\$2.85 million in Q3 FY2016 and S\$8.24 million in YTD FY2016 were lower as compared to S\$3.52 million in Q3 FY2015 and S\$10.17 million in YTD FY2015. This was mainly attributable to the decrease in sales from the Group's renewable energy segment due to the unscheduled maintenance performed in February 2016 for the biomass co-generation power plant at Gardens by the Bay, overall higher depreciation expenses of the new advance rubber compound mixing plant and building, overall production cost declining slower than the decrease in sales of the Group, and the foreign translation effect caused by the weaker Malaysian Ringgit.

Other gains decreased by S\$0.19 million to S\$0.14 million in Q3 FY2016 mainly due to lower foreign exchange gains of S\$0.25 million in Q3 FY2016, partially offset by the absence of government grant of S\$0.04 million in Q3 FY2015.

Other gains decreased by S\$0.30 million to S\$0.26 million in YTD FY2016 mainly due to the absence of forfeited deposit from a potential investor of S\$0.06 million, foreign exchange gains of S\$0.30 million and gains from derivative financial instruments of S\$0.03 million in YTD FY2016, partially offset by absence of bad debts recovered of S\$0.08 million and higher government grant income of S\$0.05 million in YTD FY2015.

Marketing and distribution expenses decreased by 12.3% to S\$0.71 million in Q3 FY2016 mainly due to lower petrol expenses, travelling expenses and upkeep of motor vehicles. The lower petrol expenses were mainly due to lower petrol prices.

Marketing and distribution expenses decreased by 11.0% to S\$2.26 million in YTD FY2016 mainly due to lower petrol expenses, commission, upkeep of motor vehicles, depreciation, travelling expenses and advertising expenses. The lower petrol expenses were mainly due lower to petrol prices.

Administrative expenses decreased by 5.5% to S\$1.81 million in Q3 FY2016 mainly due to decreases in bonuses, legal and professional fees, partially offset by the increases in manpower cost and depreciation expenses.

Administrative expenses increased by 1.9% to S\$5.70 million in YTD FY2016 mainly due to increases in manpower cost attributable to higher headcount, depreciation expenses and travelling expenses, partially offset by lower bonuses, legal and professional fees, listing expenses, utilities and operating lease expenses.

Depreciation expenses decreased by 13.6% to S\$0.67 million in Q3 FY2016 mainly due to overall lower depreciable assets attributable to the Group's renewable energy segment and resource recovery segment.

Depreciation expenses increased by 6.4% to S\$2.14 million in YTD FY2016 mainly due to increases in depreciable assets (new advance rubber compound mixing plant and building which was commissioned at the end of Q2 FY2015) attributable to the Group's resource recovery segment as compared to YTD FY2015 and partially offset by lower depreciable assets attributable to the Group's renewable energy segment.

Other losses increased by 138.9% to S\$0.45 million in YTD FY2016 mainly due to higher foreign exchange losses and losses from financial derivatives partially offset by the absence of impairment losses on assets held for sale (net) of S\$0.19 million in YTD FY2016.

Share of losses from associates and jointly-controlled entity of S\$0.19 million in Q3 FY2016 and S\$0.89 million in YTD FY2016 was mainly due to the Group's share of losses incurred by Chongqing eco-CTIG Rubber Technology Co. Ltd. and Geocycle Singapore Pte. Ltd.

The Group recorded profit before tax of S\$0.09 million in Q3 FY2016 as compared to S\$0.65 million in Q3 FY2015 mainly due to lower revenue.

The Group recorded loss before tax of S\$1.64 million in YTD FY2016 as compare to profit before tax of S\$1.00 million in YTD FY2015 mainly due to lower revenue, higher foreign exchange losses, share of losses from associates and jointly-controlled entity and higher administrative expenses.

The Group recorded income tax expense of S\$0.10 million in Q3 FY2016 comprised mainly of taxation charges from taxable profit of the Group's resources recovery segment.

The Group recorded income tax income of S\$0.06 million in YTD FY2016 as compared to income tax expense of S\$0.56 million in YTD FY2015, mainly due to deferred tax assets recognised from losses of the Group's resources recovery segment and Group's renewable energy segment in YTD FY2016.

As a result of the above factors, the Group recorded a loss of S\$0.01 million in Q3 FY2016 as compared to a profit of S\$0.48 million in Q3 FY2015 and a loss of S\$1.59 million in YTD FY2016 as compared to a profit of S\$0.45 million in YTD FY2015.

Statement of Financial Position

The Group's non-current assets decreased by 6.1% or S\$2.91 million to S\$45.2 million as at 31 July 2016.

The Group's property, plant and equipment decreased by S\$0.96 million to S\$22.83 million as at 31 July 2016 mainly attributable to the acquisition of plant and equipment of S\$0.82 million and movements in foreign exchange rates gain of S\$0.43 million partially offset by depreciation charges of S\$2.14 million.

Investments in associates and jointly-controlled entity collectively decreased by S\$1.57 million mainly attributable to the Group's share of losses from associates and jointly-controlled entity of S\$0.89 million and the effects of movements in foreign exchange rates loss of S\$0.68 million.

Total non-current and current finance lease receivables decreased from S\$12.57 million as at 31 October 2015 to S\$12.18 million as at 31 July 2016 attributable to billings to and collections from customers. Finance lease receivables relate to the Group's investment in biomass co-generation power plant at Gardens by the Bay which is accounted for as a finance lease.

The Group's current assets decreased by S\$2.24 million to S\$38.33 million as at 31 July 2016 mainly due to decreases in trade and other receivables by S\$1.30 million, cash and cash equivalents by S\$1.43 million, and assets held for sale by S\$0.25 million, partially offset by increase in inventories of S\$0.36 million, other assets of S\$0.29 million and income tax receivables of S\$0.08 million. The decrease in trade and other receivables was mainly attributable to lower revenue recorded in YTD FY2016 under the Group's resource recovery segment, partially offset by effects of movements in foreign exchange rates gain as at 31 July 2016 as compared with 31 October 2015. The increases in other assets were mainly due to prepayments.

The Group's non-current liabilities decreased by S\$1.14 million mainly due to the transfer of loans due within the next 12 months from non-current liabilities to current liabilities.

The Group's current liabilities decreased by S\$2.12 million to S\$24.75 million as at 31 July 2016 mainly due to decrease in trade and other payables by S\$0.30 million, loans and borrowings by S\$1.37 million, income tax payable by S\$0.31 million, liabilities directly associated with assets held for sale by S\$0.05 million and derivative financial instruments by S\$0.09 million.

The Group's total loans and borrowings decreased by S\$2.52 million mainly due to repayment of loans and borrowings of S\$3.56 million, partially offset by effects of movements in foreign exchange rates loss of S\$0.28 million and increase in bank overdraft of S\$0.73 million.

Statement of Cash Flow

For the nine month ended 31 July 2016

The Group's cash and cash equivalents decreased by S\$2.72 million in YTD FY2016 mainly due to net positive cash flow from operating activities of S\$3.21 million, net cash flow used in investing activities of S\$0.75 million and net cash flow used in financing activities of S\$5.19 million.

Cash flow used in investing activities of S\$0.75 million comprised mainly the Group's capital expenditure on property, plant and equipment amounting to S\$0.77 million in YTD FY2016 and offset by interest income received from finance lease receivables amounting to S\$0.03 million. The Group's capital expenditure is primarily concentrated in its resources recovery segment and renewable energy segment.

Cash flow used in financing activities of S\$5.19 million comprised mainly repayments of loans and borrowings of S\$3.56 million, finance costs of S\$0.86 million, dividends paid to non-controlling interest of subsidiaries of S\$0.25 million and increases in restricted cash of S\$0.52 million.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Resource Recovery segment

The Group's rubber compound, new and retreaded tyres businesses under SRIT Group continues to face challenging market conditions due to economic and market uncertainties and foreign currency fluctuations, in particular that of the Malaysian Ringgit.

Renewable Energy segment

The Group expects continuous supply and stable consumption of energy by Gardens by the Bay from its biomass co-generation power plant under the Design, Build and Operate Agreement.

The waste steam applications for drying of spent grains and heating of ISO tankers businesses from the Group's biomass co-generation power plant at Sungei Kadut are expected to remain stable.

The Group plans to sell the assets of Hivern Investments Pte. Ltd. and its subsidiary either on an as-is where-is basis or after enhancing the assets for sale.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

None.

(d) Books closure date

None.

12. **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the quarter ended 31 July 2016.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general IPT mandate.

14. **Confirmation by the Board pursuant to rule 705 (5) of the listing manual**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter ended 31 July 2016 to be false or misleading in any material aspect.

15. **Confirmation pursuant to rule 720 (1) of the listing manual**

The Company confirms that undertakings under Rule 720 (1) have been obtained from its directors and executive officers in the format set out in Appendix 7H.

BY ORDER OF THE BOARD

Lee Thiam Seng
Director

Low Kian Beng
Director

9 September 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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